

Message Text

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PAGE 01 TAIPEI 02890 240300Z

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ACTION XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 EB-07 COME-00 TRSE-00

OMB-01 /028 W

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R 240211Z MAY 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 5286

INFO AMCONSUL HONG KONG

UNCLAS TAIPEI 2890

DEPARTMENT PASS EXIM BANK

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: RECOVERY OF MACHINES FROM PRESTO TAIWAN

REFERENCE: STATE 120291

1. ON MAY 23, RAND AND EMBASSY OFFICER MET WITH LAWYERS AND PRESTO OFFICERS WHO EXECUTED CHATTEL MORTGAGE ON FOUR MACHINES TO EXIM BANK. TO HAVE INCLUDED ACME AND SOCIETY NATIONAL BANK AS MORTGAGEES WOULD HAVE REQUIRED THEIR NOTARIZED POWERS OF ATTORNEY TO LEE AND LI TO RECORD MORTGAGE. SINCE EXPEDITIOUS RECORDING WAS OF THE ESSENCE FOR PROTECTION AGAINST POSSIBLE BANKRUPTCY AND OTHER CREDITORS, THE MORTGAGE WAS EXECUTED TO RUN TO EXIM BANK AS GUARANTOR. FULL TEXT OF NOTORIZED AUTHORIZATION TO LEE AND LI TO RECORD MORTGAGE, AS EXECUTED BY RAND FOR EXIM BANK FOLLOWS BY SEPARATE CABLE.

2. LEE AND LI READY TO UNDERTAKE TO SUPERVISE TRANSFER OF MACHINES BY PRESTO TO ACME.

3. EMBASSY HAS NOW REQUESTED MINISTER OF FINANCE TO WAIVE CUSTOMS DUTY ON FOUR MACHINES IN QUESTION IF THEY ARE RETURNED TO ACME. ARTICLE 27-1 OF CUSTOMS LAW

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PAGE 02 TAIPEI 02890 240300Z

PROVIDES "WHERE A CASE INVOLVING THE IMPORT DUTY RECORDED ON ACCOUNT FOR A PERIOD OF FIVE (5) YEARS AS

APPROVED IN ACCORDANCE WITH THE PRECEDING ARTICLE FALLS
WITHIN ANY OF THE FOLLOWING ITEMS DURING THE FIVE-YEAR
PERIOD, THE CUSTOMS SHALL REVOKE ITS ORIGINAL
AUTHORIZATION OF FIVE-YEAR RECORDING PERIOD AND COLLECT
DUTY RECORDED ON ACCOUNT:

1. FAILURE TO EXPORT ALL OF ITS PRODUCTS;
2. TRANSFERRING OF IMPORTED MACHINERIES OR
EQUIPMENTS TO OTHERS IN A FORM OF LEASE,
RESALE OR ANY OTHER MEANS."

FULL TEXT OF LAW CONTAINED IN VOLUME "TAX LAWS OF THE
ROC" PUBLISHED BY MINISTRY OF FINANCE NOVEMBER 1974,
COPY OF WHICH IN HANDS OF NATHAN GORDON, DEPUTY TO THE
ASST. SECRETARY, (INTERNATIONAL TAX POLICY),
DEPARTMENT OF TREASURY.

4. IF NOT WAIVED, DIRECT ARRANGEMENTS SHOULD BE MADE
FOR PAYMENT OF AMOUNT OF DUTIES TO LEE AND LI WHOSE
ADDRESS IS 7TH FLOOR, 150 NANKING EAST ROAD, SECTION
TWO, TAIPEI.

5. REAND RETURNING TO HONG KONG BUT COULD FLY BACK TO
TAIPEI IF NECESSARY.
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